

State of California



Fair Political Practices Commission

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March 1, 1985

Senator Becky Morgan
State Capitol, Room 4090
Sacramento, CA 95814

Re: Our Telephone Conversation
File No. A-85-048

Dear Senator Morgan:

This letter is sent to confirm our telephone conversation of February 21, 1985, during which I answered several questions on your financial disclosure obligations as an elected state official under the Political Reform Act.^{1/}

I advised you that you were not required to report an interest in a vacation cabin so long as it is exclusively used by you and your family and no income is derived from it. Section 87206 (as amended by Stats. 1984, Ch. 931). This exception would also apply to any other personal residence including a home in Sacramento.

You also asked me how to report the sale of stock during the reporting period. On Schedule A (Investments), you should list the stock and indicate the date of disposition. On Schedule D (Income), you should list the sale of stock and check the box which corresponds to the sale amount; if it is stock traded on a public exchange, you do not need to identify the actual purchaser unless it is otherwise known to you.^{2/}

^{1/} The Act is contained in Government Code Sections 81000-91015. All statutory references are to the Government Code.

^{2/} Please note that dividends paid on stock which is registered with the Securities and Exchange Commission are not reportable. Section 82030(b)(5).


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Lastly, I advised you that investments in, and income from, any type of government issued bonds are not reportable. Sections 82030(b)(4) and 82034.

I also discussed with you some of the other recent legislative changes in the area of financial disclosure. I told you that the definition of income had been amended to exclude second mortgages on an official's principal place of residence which are taken out to refinance or make improvements to the residence. See Stats. 1984, Ch. 931 (copy enclosed). However, I did not tell you that there are two important qualifications on this exception.^{3/} First, it only applies to loans taken on the filer's principal place of residence; it does not apply to loans taken out on other personal residences. Second, it applies only to loans from a commercial lending institution which are made in the lender's regular course of business on terms available to the public without regard to official status; it does not apply to personal loans secured by a second deed of trust.

Please feel free to contact me at (916) 322-5901 if I can be of further assistance.

Sincerely,


Diane Maura Fishburn
Staff Counsel
Legal Division

DMF:plh
Enclosures

^{3/} These qualifications presently exist for mortgages which are taken out to purchase the filer's principal place of residence. Section 82030(b)(8)(A).

Designated Employees in Category 3 must report:

Investments, business positions in, or sources of income from any business entity which has, within the last two years, contracted with the department to provide or obtain supplies, materials, services, machinery, or equipment.

Designated Employees in Category 4 must report:

Investments, business positions, or sources of income from any business entity which within the last two years has been subject to or affected by any regulations or policies of the department relating to mobilehomes, manufactured homes, factory-built housing, mobilehome parks, labor camps, recreational vehicles, commercial coaches, or any other programs or policies administered by the division.

NOTE: Authority cited: Section 87300, Government Code.

Reference: Sections 87300-87311, Government Code.